GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Constitution of a Committee to study the impact of GST implementation on the incentive policies and to propose suitable amendments to the existing policies or new policies to be framed – Regarding

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INDUSTRIES & COMMERCE (P&I) DEPARTMENT

G.O.MS.No. 109 Dated: 21-08-2017

Read the following:-

ORDER

Government accord highest priority to the industrial sector on account of the vital role it plays in the process of economic development by value addition, employment generation, equitable distribution of national income, regional dispersal of industries, and mobilization of capital, entrepreneur skills and contribution to exports.

2. In order to spur industrial growth, Government has been offering various incentives through Industrial Policies to make industries based in Andhra Pradesh competitive.

3. Government of Andhra Pradesh formulated the following best-inclass Policies for various sectors offering incentives to Industries for the period 2015-20:

i. Industrial Development Policy
ii. MSME Policy
iii. Textile & Apparel Policy
iv. Automobile and Auto Components Policy
v. Aerospace & Defence Manufacturing
vi. Biotechnology Policy.

4. In addition to the above, State Investment Promotion Board (SIPB) has granted special package of incentives to Mega Projects.

5. One of the important incentives offered under various polices is reimbursement of VAT & CST. The quantum of incentive and the period varies based on the category as indicated below:

A) Micro & Small Enterprises – 100% VAT & CST for 5 years from DCP
B) Medium Enterprises - 75 % VAT & CST for 7 years from DCP
C) Large Industries - 50 % VAT & CST for 7 years from DCP
D) Mega Industries – 75-100% for 7 to 10 years and 30 years for Auto majors from DCP

6. As the GST implementation came into force from 1st July 2017, the incentives policies need to be revisited and suitable amendments or new policies to be issued. Many of the investors are requesting the Government to provide clarity on the tax incentives being offered to them post GST Regime.

7. In this regard, the incentive proposals can be categorized in four categories and the impact need to be studied with the help of the Commercial Taxes, Finance, Vice-Chairman, Planning Board before taking a decision.

a) Industries operating and availing incentives as per the extant Policies.

(P.T.O)

b) Industries operating and availing special package of incentives granted by SIPB
c) Industries that are granted special package of incentives and are in the process of establishing the same.
d) Industries that are granted special package of incentives and are yet to establish the same.

8. After careful examination of matter Government hereby constitute a Committee with the following members to study the impact of GST on the above cases and to suggest possible solutions and alternative policy options regarding industrial incentives.

i.Special Chief Secretary , Revenue (CT) Department---- Chairman.
ii. Principal Finance Secretary, Finance Department----- Member.
iii. Secretary, Industries and Commerce Department---- Convener.
iv. Vice-Chairman, A.P. Planning Board----- Member.
v. Commissioner of Industries ----- Member.
vi. Commissioner, Commercial Tax ---- Member.
vii. Secretary, Food Processing ------ Member.

9. The committee shall submit the recommendations and policy options to the Government to take further action.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

SOLOMON AROKIARAJ
SECRETARY TO GOVERNMENT & CIP

To
All Officers concerned.
Copy to:
The PS to Principal Secretary to Chief Minister
The PS to Minister for Industries & Commerce
The PS to Chief Secretary to Government.
SF/SC.

// FORWARDED :: BY ORDER //

SECTION OFFICER